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This Week in Canadian Agriculture, Issue 37 2004

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Report Highlights:

* Total Pig Numbers Unchanged From Last Year * Canada Meets BSE Testing Target * Anti-Dumping Expiry Review Notice on U.S. Potatoes Into British Columbia * Saskatchewan Wheat Pool Posts First Profit Since 1998 * Crop Updates * Quebec Furniture Manufacturers Want Province to Review Cutting Rights on Provincial Lands

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

TOTAL PIG NUMBERS UNCHANGED FROM LAST YEAR: This week, Statistics Canada released its hog inventory for the third quarter of 2004. Total pig numbers on October 1, 2004 of 14.7 million were virtually unchanged from a year ago on that date. However, total breeding stock (sows, gilts and boars) at 1.6 million head were up 1.6% from their October 2003 level. Breeding stock in Manitoba on October 1, 2004 showed a 5% year-to-year increase. Ontario breeding stock rose 1.2% over the same period. Those two provinces account for more than 90% of record live hog exports to the United States that are on pace to exceed 8.0 million head during 2004. Canadian hog producers now face U.S. preliminary anti-dumping duties on their live exports to the United States. On October 15, 2004, the Department of Commerce announced an affirmative preliminary determination in the antidumping (AD) duty investigation on imports of live swine from Canada, with margins ranging from *de minimis* to 15.01 percent. The Department is also conducting a companion countervailing duty (CVD) investigation, and announced its negative preliminary determination in that case on August 17, 2004. The final determinations in both the AD and CVD investigations have been aligned and are scheduled for March 7, 2005.

CANADA MEETS BSE TESTING TARGET: According to the Canadian Food Inspection Agency (CFIA), Canada has surpassed this year's target for bovine spongiform encephalopathy (BSE) surveillance. As of October 27, 2004, more than 8,600 animals have been tested for the disease. All results were negative. Canada indicated that 8,000 animals would be tested in 2004, followed by at least 30,000 animals in subsequent years. The surveillance program focuses on testing high-risk cattle: dead, dying, diseased and down cattle over 30 months of age and cattle showing neurological symptoms consistent with BSE. Last month, the Government announced a BSE surveillance reimbursement program and education campaign to encourage producers to report animals for BSE testing. The reimbursement program partially offsets producers' costs related to veterinary examination and carcass disposal when these activities result in the collection of an eligible brain sample, which is required for testing.

ANTI-DUMPING EXPIRY REVIEW NOTICE ON U.S. POTATOES INTO BRITISH COLUMBIA: Since 1984, Canada has imposed an anti-dumping duty on imports of U.S. fresh potatoes into the province of British Columbia excluding imports during the period from May 1 to July 31 each year. The finding has been renewed every five years since that time. This week, the Canadian International Trade Tribunal (CITT) announced that the latest round of antidumping duties is scheduled to expire on September 12, 2005 unless a review is initiated. The CITT has invited interested parties persons or governments requesting or opposing the initiation of an expiry review to make formal submissions to the Secretary of the CITT not later than November 18, 2004. For more information, go to: www.citt.gc.ca

SASKATCHEWAN WHEAT POOL POSTS FIRST PROFIT SINCE 1998: Increased grain shipments, reduced operating costs from discontinued operations and financial restructuring have all helped Saskatchewan Wheat Pool (SWP) post a \$5-million profit in the fiscal 2004, the first since 1998. SWP was forced to restructure after being on the brink of bankruptcy in early 2003. Through a series of steps, including shedding itself of non-core businesses and returning to its core businesses of grain marketing and handling, agri-products sales and agri-food processing, helped to reduce its workforce and restructure its debt. The restructuring helped improve cash flow and operating earnings. Unfortunately the poorer quality grain crops this year are expected to cut into SWP grain handling margins. Mayo Schmidt, SWP's CEO expected there to be a 10-15% negative impact on SWP's pipeline margins. The late harvest and snow is also expected to impact SWP first quarter in 2005, as producers' applications of inputs may be pushed into the second quarter.

CROP UPDATES

WHEAT: The Ontario Wheat Producers Marketing Board says that early estimates of winter wheat acreage in the province will be approximately 700,000 acres, down slightly from the estimated 750,000 acres sown last fall. Winter wheat acreage in Western Canada is forecast to be lower than last year as a result of the delayed harvest and poor weather, which hampered producers' ability to get onto their fields.

CORN: As the corn harvest continues in Ontario, the early reports are indicating very good yields. According to the Ontario Corn Producers Association, the crop is bigger than most estimates. Unfortunately, as reported in CA4077, Ontario's corn producers are between a rock and hard place. Corn prices are terrible and processors expecting the smaller crop had already lined up massive supplies of corn from the United States. Feed wheat is also starting to come in from Western Canada. All these factors are leaving Ontario's corn producers with no market and no cash. On the bright side, prospects for strong sales of U.S. corn in Eastern Canada remain good.

SOYBEANS: Harvest of soybeans on Ontario is roughly 75% complete, but has been hampered to some extent by rain, drizzle and cool conditions. Manitoba soybean producers faced rain, frost and snow, which have brought the harvest to a standstill. In the central region of the province, yields were approximately 10-25 bu/acre, but the high green seed levels have reduced the quality of the crop. Only 33% to 45% of Manitoba's 187,000 seeded soybean acres have been harvested. Of the soybeans that are still in the field, at least 90,000 acres could be written off by Manitoba Crop Insurance. This is leaving domestic supplies very tight and forcing Delmar Commodities, a Manitoba soybean crusher, to bring in U.S. soybeans in order to keep their processor running. Delmar has a capacity of over 40,000 short tons a year. According Delmar's general manager, the processor would import more than 80% of its soybeans from the U.S. and only using at most 5,000 metric tons of domestically grown soybeans. In a good production year, Delmar would still be required to bring in soybeans to meet their needs.

PUMPKINS: According to Stats Canada, pumpkin production, which includes squash and zucchini, across Canada has more than doubled between 1986 and 2001. The popularity of these crops during Thanksgiving (the Canadian one) and Halloween has been the main contributor to their increased production. In 2001, 92% of the growth came from fresh pumpkins and only 8% came from pumpkins destined for processing into canned pie mixes and other products. In 2001, 14,189 acres were planted on 2,850 farms across Canada. The crop was worth almost \$22 million. A majority of the pumpkin farms are located in Ontario and Quebec, with the rest spread throughout the country.

QUEBEC FURNITURE MANUFACTURERS WANT PROVINCE TO REVIEW CUTTING RIGHTS ON

PROVINCIAL LANDS: Earlier this week, representatives from the Quebec Furniture Manufacturers Association (QFMA) called on Quebec's provincial government to review the process by which cutting rights on provincially owned lands are allotted. Provincially owned lands account for 89% of the forest area harvest in the province of Quebec. The manufacturers are complaining that sawmill operators, catering to U.S. clients, are cutting trees according to the norms imposed by the U.S. National Hardwood Lumber Association to obtain eight-foot lengths of wood and wasting the rest of the log. The QFMA contest that they can make better use of the log and that the waste that is occurring is forcing them to import prime hardwood lumber from the U.S., rather than using Quebec wood. Companies like Shermag Inc., one of Quebec's largest furniture makers, imports roughly 65 percent of its wood from the U.S. and makes use of nearly 100 percent of the each length. One of the claims from the furniture industry is that the higher cost of U.S. hardwood imports and the rising Canadian dollar is cutting into the profits of the furniture industry. The furniture sector generates 28,000 direct jobs and every cubic meter of hardwood sawed for the furniture sector sustains between five and 33 jobs. The furniture industry wants the government to implement policies that would favor value-added sectors rather than allowing the raw product to move south of the border.

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CA4075	Buyer Alert Report	10/15/2004
CA4072	Canadian Health Food Assoc. Trade Show & Mission	10/14/2004
CA4071	Fishery Products Annual	10/07/2004
CA4070	This Week in Canadian Agriculture, Issue 34	10/08/2004
CA4069	This Week in Canadian Agriculture, Issue 33	9/24/2004
CA4067	This Week in Canadian Agriculture, Issue 32	9/17/2004
CA4065	Deciduous Fruit Annual	9/13/2004

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